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C O N F I D E N T I A L SECTION 01 OF 02 LUSAKA 000020

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SUBJECT: PRESSING FOR PROGRESS ON ANTICORRUPTION FRONT

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Classified By: Ambassador Donald Booth for Reasons 1.4(b) and (d).

¶1. (SBU) Summary: At long last, the Zambian Government (GRZ) is addressing several important anti-corruption issues, such as the establishment of a Financial Intelligence Unit (FIU), the enactment of anti-corruption legislation, and the approval of a national anti-corruption strategy. In a January 7 meeting with the Ambassador, lead anti-corruption officials acknowledged USG assistance in combating corruption and identified additional areas of need, including training for government investigators, prosecutors, and judges, and technical assistance in the development of an internationally viable anti-money laundering regime. The Anti-Corruption Commission (ACC) representatives also suggested that Zambia's rule of law would be strengthened by disbanding the Task Force on Corruption and enhancing the ACC's own capacity to address complex financial crime and petty corruption. End Summary.

¶2. (SBU) On January 7, Ambassador Booth met with Acting ACC Director General Rosewin Wandi and other senior ACC officials. Wandi raised the issue of anti-money laundering (AML), noting "renewed government commitment" in light of a recent Eastern and Southern African Anti-Money Laundering Group (ESAAMLG) peer review that found Zambia deficient of an FIU that meets international standards. She said a GRZ inter-agency task force had begun developing an AML plan of action that was likely to move forward in 2009. Wandi speculated that the Drug Enforcement Commission (DEC), which is responsible for AML enforcement and which had previously opposed the creation of an administrative intelligence unit, would no longer be an obstacle to AML progress, given the dismissal (on corruption charges) of former DEC Commissioner Chitoba. She acknowledged previous U.S. Treasury OTA AML assistance, which she regretted the GRZ had been ill-prepared to utilize fully, and said the GRZ would welcome additional OTA support. On AML, Ambassador said he would try to arrange additional assistance once a proper FIU is established.

¶3. (SBU) Wandi announced that the ACC will shortly release its strategic plan for 2009, which includes provisions for implementing international conventions against corruption and calls for an enhanced legal framework. Ambassador Booth noted that the USG had supported the preparation of five bills -- asset forfeiture, asset disclosure, evidence, whistleblower protection, and plea bargaining -- that are still pending Cabinet approval. (Note: These five pieces of legislation address many of the provisions of the UN and AU conventions and protocols against corruption. In 2007, USAID encouraged ACC former Director General Nixon Banda to champion the bills, thereby effectively putting into effect the anti-corruption conventions. End Note.) Although Wandi was unaware of the status of the pending legislation, she pointed out that the ACC would lobby for the speedy approval of the bills.

¶4. (C) The Ambassador inquired into the National Anti-Corruption Policy, which has languished for the past two years pending Cabinet approval. The ACC officials thought it likely that the policy would be approved by June 2009, now that the Justice Ministry was finally "being responsive." (Note: According to Embassy contacts, Justice Minister George Kunda previously had blocked the policy's approval, for reasons unknown. End note.) The policy affirms the ACC's role as the lead GRZ anti-corruption agency, strengthens its authority to coordinate with other government offices, and identifies important steps that the GRZ must take to prevent corruption, including the passage of a whistleblower protection law and the introduction of wider asset disclosure requirements. The Ambassador emphasized the need for Zambia to make continued progress in fighting corruption in order to maintain its eligibility for a Millennium Challenge Account compact.

¶5. (U) Wandi expressed appreciation for USG assistance through the Millennium Challenge Account Threshold Program, the U.S. Treasury Office of Technical Assistance (OTA), and the International Law Enforcement Agency (ILEA) training facility in Gaborone. She noted that the GRZ had taken full ownership of the Integrity Committee concept, which the USG had helped develop, and was rolling this out in five more government institutions. She also offered her thanks for training material prepared by a former OTA resident advisor and pointed out that the modules had become part of the ACC's standard training curriculum for new investigators. Wandi expressed her hope that a Millennium Challenge Account compact could contain funding provisions for anti-corruption. According to Wandi, the ACC's budget allocation was insufficient. Additionally, the GRZ had withheld operational funds during the past five months due to global economic

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crisis-related budget constraints, the state funeral for former President Mwanawasa, and the October presidential by-election.

¶6. (SBU) Wandi explained that although the ACC had in recent years focused more on public campaigns to prevent corruption, the ACC's pending strategic plan places equal emphasis on investigations and prosecutions. To increase its effectiveness, she pointed to the need for ongoing educational programs and inquired into the possibility of increased participation in ILEA courses. Wandi also identified opportunities for strengthening Zambia's judiciary, which is the primary cause for delays in prosecuting cases. She recommended the creation of a fast-track legal chamber to handle corruption cases and underscored the value of training subordinate, high, and supreme court judges to better understand and handle sophisticated financial criminal matters.

¶7. (SBU) Regarding the Task Force on Corruption, an ad hoc body established by former President Mwanawasa to prosecute acts of corruption committed by senior officials during the administration of his predecessor, President Chiluba, Wandi suggested that it was ineffective to have a "parallel" law enforcement body that had accomplished little at great public expense. She suggested that the GRZ should consider disbanding the Task Force, or incorporating it into the ACC. She noted, however, that the ACC had learned from the Task Force's multidisciplinary approach (the Task Force consists of officers seconded from numerous law enforcement offices, government ministries, and the Bank of Zambia), and said that the ACC intended to emulate this approach.

¶8. (C) Comment: Although Wandi's comments may be well-intentioned, her forecast for GRZ anti-corruption progress in 2009 may be overly optimistic. There is no indication to suggest that Cabinet has become more forward-leaning in the new Administration. Justice Minister Kunda's influence -- and ability to stall anti-corruption

decisions in Cabinet -- has only increased with his appointment to the Vice Presidency in November 2008. Although it is in President Banda's interest to honor his campaign promises to continue his predecessor's (now celebrated) anti-corruption agenda, Banda's weakness within his political party may preclude any meaningful leadership on his part. Notwithstanding Cabinet's reluctance to move forward on several relatively straightforward decisions and its seemingly ambiguous commitment to stamping out corruption, Post will continue to press for needed reforms and encourage stronger ACC leadership in achieving its 2009 objectives.

BOOTH